

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6410

BILL NUMBER: HB 1151

NOTE PREPARED: Jan 1, 2005

BILL AMENDED:

SUBJECT: Appropriations Continuation.

FIRST AUTHOR: Rep. Torr

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that if the General Assembly fails to adopt before April 30 of an odd-numbered year an appropriation act for the following two state fiscal years, the amounts appropriated for government operations for the state fiscal year ending June 30 of that year, excluding appropriations for capital expenditures, are appropriated for each of the next two state fiscal years. The bill provides that if the amounts appropriated for the state fiscal year ending June 30 of that year exceed the amount of state revenues forecast for either of the following two state fiscal years, the amounts appropriated for that state fiscal year must be reduced proportionately. The bill also provides that the reduced appropriations may not exceed 99% of the forecast revenues.

Effective Date: July 1, 2005.

Explanation of State Expenditures: Under the current statute (IC 4-10-15-1,2), if the General Assembly fails to enact a state budget, there is a provision for the Governor and the Secretary and Treasurer of State to draw warrants from the State Treasury for the necessary and current expenses of the following institutions that the General Assembly is constitutionally obligated to support: all psychiatric hospitals, the Indiana State School for the Deaf, the Indiana State School for the Blind, the Veteran's Home, and the Plainfield Juvenile Correctional Facility (the Boys's School). In addition there are a number of obligations of state agencies that are funded out of continuing appropriations which may be able to continue absent a new budget bill. Another statute (IC 4-9.1-1-7) allows the State Board of Finance to transfer money "between appropriations for any board, department, commission, office, or benevolent or penal institution of the state. Therefore, it is possible that they may transfer funds from these limited number of agencies and institutions to other agencies to cover the necessary expenses for a short period of time.

This bill provides that, if a budget act is not adopted, the amounts appropriated for government operations for the current state fiscal year, excluding appropriations for capital expenditures, are appropriated for the next state fiscal year. This bill expands the ability of the state to continue general operations until a new budget bill is adopted. Since the bill excludes appropriations for capital expenditures, there would be no new capital expenditures until a new budget bill is adopted. Future appropriations may not exceed 99% of the forecast revenues. The December 14, 2004, forecast of the General Fund and Property Tax Relief Fund revenue is \$11,312.3 M for FY 2005, \$11,736.6 for FY 2006, and \$12,356.6 M in FY 2007. Future appropriations if limited by 99% of the most current revenue forecast would be \$11,619.2 in FY 2006 and \$12,233.0 M in FY 2007.

For FY 2005, the following amounts have been appropriated.

General Fund and Property Tax Replacement Fund: FY 2005	
Functional Category	FY 2005
General Government	333,358,234
Corrections	591,413,140
Other Public Safety	106,044,165
Conservation and Environment	78,466,731
Economic Development	51,341,958
Transportation	465,000
Mental Health	240,696,230
Public Health	68,814,715
Medicaid	1,266,419,812
Family and Children	229,046,215
Social Services and Veterans	227,807,215
Higher Education	1,527,717,937
Education Administration	56,745,362
Tuition Support - Gen. Fund	2,074,488,779
Tuition Support - PTR Funds	1,624,011,221
Social Security - Teachers	2,403,792
Teachers Retirement	346,832,000
Other Local Schools	186,386,645
Other Education	11,668,403
PTR and Homestead Credits	2,048,400,451
Distributions - Gen. Fund	35,585,733
Subtotal - Operating	11,108,113,738
Higher Education Construction	15,298,219
Other Construction	184,924,164
Subtotal - Capital Projects	200,222,383
Grand Total	11,308,336,121
<p>* Appropriations "for the biennium" are apportioned 50% for each fiscal year.</p> <p>** The appropriations in this table represent only those appropriations provided in HEA 1001-2003.</p>	

Appropriations from dedicated and federal funds for the biennium are presented in the following table.

Dedicated and Federal Appropriations: FY 2005	
Functional Category	FY 2005
BIF & Lottery/Gaming Surplus	4,816,014
Other Dedicated - Operating	1,192,114,055
Other Dedicated - Construction	27,137,940
Tobacco Settlement	171,991,726
Federal Funds	668,893,994
Total Dedicated	2,064,953,729

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures*, above.

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: HEA 1001-2003; *GF & PTRF Statement of Combined Estimated Unappropriated Reserve*, December 14, 2004 - State Budget Agency; December 14, 2004, *Revenue Forecast* - Revenue Forecast Technical Committee.

Fiscal Analyst: Diane Powers, 317-232-9853.